



CALIFORNIA BOARD OF ACCOUNTANCY
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SPECIAL NOTICE TO CPA FIRMS WITH NONLICENSEE OWNERS

Effective January 1, 1998, B&P Code Section 5079 was added to the Accountancy Act to permit minority ownership of public accounting firms by nonlicensees.

Effective January 1, 2006, nonlicensee owners of California CPA firms are required to report the following events to the California Board of Accountancy.

- ◆ Any notice of the opening or initiation of a formal investigation of the nonlicensee owner by the Securities and Exchange Commission or its designee, or any notice from the Securities and Exchange Commission to a nonlicensee owner requesting a Wells submission.
- ◆ Any notice of the opening or initiation of an investigation of the nonlicensee owner by the Public Company Accounting Oversight Board or its designee.
- ◆ Any notice of the opening or initiation of an investigation of the nonlicensee owner by another professional licensing agency.

The report to the Board shall be signed by the nonlicensee owner and set forth the facts that constitute the reportable event. If the reportable event involves the action of an administrative agency or court, the report shall identify the name of the agency or court, the title of the matter, and the date of occurrence of the event.

This new requirement parallels the requirements for licensees.

This section includes a confidentiality provision, [B&P Code Section 5079\(b\)\(4\)](#), indicating that the information reported to the Board will be made public only in a very limited set of circumstances.

Additionally, nothing in these requirements shall impose a duty upon any licensee or nonlicensee owner to report to the Board the occurrence of any events described either by or against any other nonlicensee owner.

Please share this information with the nonlicensee owners of your firm or other interested parties.

The revised statute (B&P Code Section 5079) is posted on the Board's Web site at www.dca.ca.gov/cba. Questions may be directed to the Enforcement Unit by email at enforcementinfo@cba.ca.gov or by telephone at (916) 561-1732.